

Message Text

SECRET

PAGE 01 BUCAR 07321 041253Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----036481 041936Z /41
R 041036Z OCT 77
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 5809

S E C R E T BUCHAREST 7321

EXDIS
DEPARTMENT FOR OES/GANLEY

E.O. 11652: XGDS 2 AND 3
TAGS: TSPA ACOM PFOR RO
SUBJ: VIP SPECIAL COMMUNICATIONS

1. LATTA CONTACTED EMBASSY IMMEDIATELY FOLLOWING HIS ARRIVAL SEPT. 1
2.
AND HAS PROVIDED WEEKLY UPDATES OF COMPANY'S NEGOTIATIONS WITH ROMANI
ANS.
RESUME UP THROUGY OCTOBER 3 FOLLOWS:
2. ZGAVARDICI AND DIACONESCU CONTINUE TO LEAD COMMERCIAL DISCUSSIONS
,
MAINTAINING DIVISION OF RESPONSIBILITY BETWEEN AIRCRAFT INTERIOR CONF
IGU-
RATION AND SPECIAL COMMUNICATIONS PACKAGE, RESPECTIVELY. ZGAVARDICI,
HOWEVER, FREQUENTLY SPEAKS FOR BOTH ASPECTS, AND HAS LED THE PRESS ON
LATTA FOR DETAILED PRICE BREAKDOWN OF COMMUNICATIONS SYSTEM COMPONENT
S.
OTHER MAJOR ISSUE IS ROMANIAN DESIRE FOR STRICTEST WARRANTEE OF SYSTE
M'S
OPERATIONAL PERFORMANCE. LATTA PROVIDED LISTS OCTOBER 3 REPRESENTING
EXTENT COLLINS WILL GO ON COMPONENT PRICING. HAL DAVIS, GENERAL MANA
GER
FOR LATTA'S SECTION, NOW IN BUCHAREST AND HAS JOINED NEGOTIATIONS FIR
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PART OF THIS WEEK.

3. ZGAVARDICI INSISTS THAT CONTRACT TERMS AND CONDITIONS CANNOT
BE DISCUSSED UNTIL ALL TECHNICAL REQUIREMENTS OF CURRENT (UPGRADED)
COMMUNICATIONS PACKAGE ARE JUDGED SATISFACTORY. HE NEVERTHELESS IS T
AKING

LINE THAT BOTH SIDES SHOULD BE IN POSITION TO INITIAL CONTRACT BEFORE LATTAS DEPARTURE, AND SAYS FINAL APPROVAL COULD BE EXPECTED ANY TIME BETWEEN THREE DAYS TO THREE WEEKS FROM THAT DATE.

4. COLLINS' LATEST TENDER VALID THROUGH NOVEMBER 30 BUT COULD SLIP TO DECEMBER 31. ZGAVARDICI MEANWHILE TOLD LATTAS THAT GOR CONSIDERING AN AIRCRAFT WHICH BOEING OFFERS FOR DECEMBER 78 DELIVERY.

5. FINANCING HAS ONLY COME UP ONCE, AND WAS RAISED SPECIFICALLY BY LATTAS AT EMBASSY'S REQUEST, AND IN CONFORMITY WITH LATTAS SHGOST NDCMW TALK WITH GANLEY. MKGAVARDICI REPLIED HE UNDERSTOOD THE CASH TERMS FOR COMMUNICATIONS PACKAGE.

6. FYI: EIGHT BOEING REPRESENTATIVES, LED BY MARTIN ANDERSON, REGIONAL DIRECTOR FOR INTERNATIONAL SALES, HAVE BEEN HOLDING PARALLEL TALKS WITH ROMANIANS. ANDERSON MADE COURTESY CALL AT EMBASSY BUT NO FURTHER CONTACT. LATTAS REPORTS, HOWEVER, THAT ZAGAVARDICI REFERRED TO BOEING AS THOUGH BOEING MIGHT ALSO BE IN COMPETITION TO SUPPLY COMMUNICATIONS PACKAGE. WE ASSUME THIS AMOUNTS TO NOTHING MORE THAN BARGAINING PLOY AND SO ADVISE
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ADVISED
LATTAS. END FYI.

7. IN SUMMARY, E-SYSTEMS DEFINITELY SEEMS EXCLUDED; THERE IS PROGRESS WITH COLLINS; TALKS ARE GOING SLOWLY. ROMANIANS ARE EMPLOYING ALL THE STANDARD NEGOTIATING PLOYS AND THERE IS NO WAY AT THIS STAGE TO PREDICT HOW LONG IT WILL TAKE FOR TALKS TO RUN THEIR COURSE.
BARNES

NOTE: MESSAGE AS RECEIVED.

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